

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**[Docket No. FR- 4970-N-02]**

**Notice of Outcome Performance Measurement System for  
Community Planning and Development Formula Grant Programs**

**AGENCY:** Office of the Assistant Secretary for Community Planning and Development, HUD

**ACTION:** Notice

**SUMMARY:** On June 10, 2005, HUD's Office of Community Planning and Development (CPD) published a notice in the Federal Register titled, "Notice of Proposed Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs; Request for Comments." The notice described an outcome performance measurement system that was developed for grantees that receive funding from the Community Development Block Grant program (CDBG), HOME Investment Partnerships program (HOME), Emergency Shelter Grants program (ESG), and the Housing Opportunities for Persons with AIDS program (HOPWA).

The system was developed by a joint working group made up of members of the Council of State Community Development Agencies (COSCDA), the National Community Development Association (NCDA), the National Association for County Community Economic Development (NACCED), the National Association of Housing and Redevelopment Officials (NAHRO), the National Council of State Housing Agencies (NCSHA), CPD, HUD's Office of Policy Development and Research (PD&R), and the Office of Management and Budget (OMB). The

June 10, 2005, notice described the proposed system and solicited comments from the public, particularly from formula program grantees, on the proposed performance measurement system. This final notice discusses and addresses the comments received and incorporates appropriate changes.

**FOR FURTHER INFORMATION CONTACT:** Margy Coccodrilli, CPD Specialist, Office of Block Grant Assistance, Room 7282, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410-7000, telephone (202) 708-1577, extension 4507 (this is not a toll-free number). Hearing- or speech-impaired individuals may access this number through TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

## **SUPPLEMENTARY INFORMATION:**

### **I. Background**

The Government Performance and Results Act of 1993 (GPRA) mandates that federal programs improve their effectiveness and public accountability by focusing on results. The OMB developed the Program Assessment Rating Tool (PART) to monitor compliance with the GPRA and to rate federal programs for their effectiveness and ability to show results.

Many CPD grantees have been frustrated by the inability to “tell their story” to their citizens and other stakeholders about the outcomes of the investments they have made in their communities using federal, state, and local resources. The inability to clearly demonstrate program results at the national level, which is the standard required by OMB’s program assessment process, can have serious consequences for program budgets. On June 10, 2005, HUD published (70 FR 34044), a notice describing a proposed outcome performance

measurement system and solicited comments. The system would enable HUD to collect information on the outcomes of activities funded with CPD formula grant assistance, and to aggregate that information at the national and local level. Reports would be made available to allow grantees to compare their performance to that of their peers. Based on the proposed system and taking into consideration the comments received, this notice establishes the outcome performance measurement system. This system is not intended to replace existing local performance measurement systems that are used to inform local planning and management decisions and increase public accountability.

This performance measurement system will be incorporated into HUD's Integrated Disbursement and Information System (IDIS), thus allowing for simplified data collection. The objectives and outcomes will appear on IDIS screens and grantees will select the objective and outcome that applies to each activity that the grantee undertakes. The indicators will be generated according to the matrix code, and for CDBG grantees, by the national objective. The possible indicators for each activity will also appear on an IDIS screen and the grantee will indicate which indicator(s) apply to that activity, as carried out by the grantee.

The indicators in this framework represent most of the activities that are undertaken by grantees of the CPD formula grant programs, but HUD acknowledges that there may be some activities that may not fit well into any of the indicator categories. While such activities may be very important to local interests, their numbers would not make a significant impact on a national level and could create a burden for other grantees. Therefore, the joint working group that developed the system decided to include indicators that can encompass most of the activities undertaken by grantees.

Separate from what the new performance measurement system can provide, the Department would like to be able to demonstrate potential outcomes such as higher homeownership rates and property valuations, lower unemployment rates and improved education levels, increased commercial and private investments, and additional assisted businesses that remain operational for at least three years. HUD will consult with the working group, grantees, and other interested parties to determine whether and how a set of particular community-level outcome measures can be established and uniformly applied. In the future, HUD may use the same or similar universal measures and standards to assess performance in other federal economic and community development programs. For example, HUD intends to obtain information on the development of brownfields and will consult with grantees on how best to collect such information. HUD will also undertake research to address such issues, and determine how frequently to assess progress, evaluate programs, perform analyses, and disseminate results based upon data that is comparable and generally available.

The structure of the new performance measurement system is consistent with the goals and objectives contained in HUD's Strategic Plan for the years 2006 to 2011, including expanding access to affordable housing, fostering a suitable living environment, and expanding economic opportunities.

The objectives, outcomes, and indicators described in this notice will appear this spring in the existing version of IDIS. Grantees will be requested to enter available data at that time. This fall, Phase I of the re-engineered IDIS will be released and grantees will be required to enter the performance data.

When Phase II of the re-engineered IDIS is released, HUD expects the overall administrative burden for grantees to be reduced; HUD's intent is to have the Consolidated Plan,

Annual Action Plan, and Consolidated Annual Performance and Evaluation Report (CAPER) integrated into one single performance measurement system. In the interim, elements of the system may be incorporated into the Consolidated Plan Management Process (CPMP) Tool so that local objectives and outcomes can be entered at the beginning of the Consolidated Plan or Annual Action Plan development process, and accomplishments under those objectives and outcomes can be reported on in the CAPER.

## **II. Discussion of Public Comments**

### General Comments.

The public comment period closed on September 8, 2005. In addition to the 56 comments submitted in writing to HUD headquarters, additional comments were received during an interactive satellite broadcast from HUD headquarters in Washington, DC, and five regional feedback sessions that were held in San Francisco, Philadelphia, Detroit, Atlanta, and Austin. Each of those events provided opportunities for public comment.

There were multiple requests for HUD to develop a performance measurement website that would contain all the information that has been made available. That request has been acknowledged and there is now a CPD website that hosts this information. The URL is:

<http://www.hud.gov/offices/cpd/about/performance/index.cfm>.

A number of comments praised the outcome measurement system and thanked HUD and the working group for the simplicity of the system; also, many comments posed questions. These questions are addressed in a question and answer format that has been distributed to grantees and is available on the Performance Measurement website. Several comments

requested clarification of terms and definitions. These have been provided to grantees and are available on CPD's Performance Measurement website.

There were also many comments made about IDIS that were important to that system, but not necessarily relevant to the inclusion of the performance measurement indicators. Those comments have been forwarded to CPD's System Development and Evaluation Division. There were also comments on the Consolidated Plan Management Process and those comments have been forwarded to CPD's Office of Policy Development and Coordination.

Many comments suggested that issues and terminology of local interest be added to the framework. Unfortunately, because the framework was developed to capture national indicators in a standardized format, unique local information cannot be included. However in CPD Notice 03-09, issued in September 2003, HUD encouraged grantees to develop local performance measurement systems that complement this new national system by capturing the results of activities of local importance.

Specific comments.

**Comment** – There were several comments indicating that these performance measures should replace Consolidated Plans, Annual Action Plans, Consolidated Annual Performance and Evaluation Reports (CAPER), and Performance Evaluation Reports (PER).

**Response** – HUD anticipates that when Phase II of the IDIS re-engineering is complete in 2007, Consolidated Plans, Annual Action Plans, CAPERs, and PERs will become one continuous document.

**Comment** – There were several comments indicating the need for training on the performance measurement system and generally on IDIS, and specific training for entitlements,

states, and urban counties, sub-recipients; training grantees to train their sub-recipients; and guidance/training on how the indicators apply to each program.

Response – HUD expects to provide training on IDIS in 2006. This training will incorporate the performance measurement framework; also, HUD has prepared guidance, questions and answers, and definitions. This, along with other related information, are available on CPD's Performance Measurement website.

Comment – Several commenters indicated that changes to administrative procedures, and possibly to grantee staffing, would have to be made at the local level and some asked that HUD provide assistance to tell grantees how this should be done.

Response – HUD will provide training on what data will need to be collected, but grantees will determine within their own administrative procedures how to coordinate the front-end planning, implementation, and reporting of activities. Because grantee procedures vary significantly based on agency size and expertise, HUD is not the appropriate entity to develop local administrative procedures for grantees.

Comment – Some comments referred to the difficulty that grantees would have in developing outcome statements.

Response – HUD will use the data that are reported and aggregated in IDIS to develop the outcome statements. If a jurisdiction has an activity that does not fit into the framework, that grantee may create an outcome statement in the narrative of the CAPER or PER to provide information to their citizens about the results of the activity.

Comment – Comments asked that HUD clarify the timing of when grantees will begin using the performance measurement system.

Response – The elements of the outcome performance measurement system will appear in the existing version of IDIS in Spring 2006. Because of the need for HUD to show results, grantees will be requested to enter data as soon as the system is available. Later in 2006, Phase I of the re-engineered IDIS will be released. At that time, grantees will be required to enter the performance data into the system.

Comment – There were comments suggesting that 40 percent be included in the breakout of numbers for area median income because this number would help show the percentage of “working poor;” that many projects exceed the HOME program minimum levels and assist persons between 30 percent and 50 percent; and that breaking down those income levels would cause additional work for CDBG grantees.

Response – Individual program requirements dictate the income percentages that are to be reported. Therefore, grantees need only provide the information that is currently required for each specific program. The area median income percentages published in this notice reflect the range of information required by all four CPD formula grants. When grantees enter data for activities into IDIS, only the income percentages applicable to those program activities will be populated for selection.

Comment – Several commenters urged HUD to provide sufficient time for grantees to revise forms and other business practices, that data collection should not begin until the re-engineered IDIS is available, and that information pertinent to these changes should be made available to grantees as soon as possible.

Response – On October 28, 2005, CPD issued a memo that provided the basic information needed to revise forms, such as applications from sub-recipients for funding, sub-

recipient agreements, and client applications. Grantees could also use that memo to begin to plan for any administrative changes that might be required.

**Comment** – Some commenters requested that an indicator for section 504 compliance be included for owner-occupied housing units.

**Response** – HUD agrees. Although section 504 does not apply to homeowners, the accessibility indicator has been added for owner-occupied units that are made accessible for persons with disabilities.

**Comment** – One comment received stated that there was no way in the system to report female heads of household.

**Response** – In IDIS, grantees are currently required to report the number of female heads of household for housing activities that meet the national objective of low-mod housing; therefore, no additional data is required.

**Comment** – Several comments reflected the need for additional resources to cover the added costs of administrative workload, training, and technology development.

**Response** – HUD is making every effort to minimize workload burden. HUD expects the increased administrative workload to be reduced as HUD streamlines the planning and reporting requirements. While plans for training are not yet complete, HUD will attempt to reduce grantee costs by conducting training using technology such as the Performance Measurements website, broadcasts, and webcasts, and possibly local training provided through field offices. Also, HUD expects to provide training at conferences of the national associations that were involved in the development of the system.

**Comment** – Several commenters asked HUD to develop sample forms that can be used to collect the additional data.

Response – Since grantees differ greatly in administrative procedures, based on agency size and expertise, HUD is not the appropriate entity to develop specific sample forms. However, HUD will provide guidance on data collection that will assist grantees in adding appropriate language to existing forms.

Comment – There were several comments that suggested changes to the flow chart that was included in the proposed outcome performance measurement system.

Response – The flow chart could not be designed to accommodate the various requests and the full scope of all activities. Because many commenters considered the flow chart to provide little value, it has been removed from the final notice of the outcome performance measurement system.

Comment – Several comments stated that ESG and HOPWA indicators should include case management.

Response – HOPWA case management activities will be reported in the HOPWA Annual Performance Reports and later in IDIS. ESG does not currently collect information on case management activities in IDIS.

Comment – Several comments indicated that the system should provide the ability to capture more than one objective and more than one outcome for each activity.

Response – The objectives closely mirror the statutory objectives of each program. Grantees will select the one objective that the activity is intended to meet. To prevent the dilution of data and capture the largest numbers possible for each outcome, grantees are encouraged to select the outcome that best describes the result of the activity. However, if a grantee feels strongly that an activity is best represented by two outcomes, it would indicate the primary outcome and the additional outcome.

**Comment** – There were comments suggesting that only indicators required by each specific program should be required for reporting.

**Response** – Both the proposed and final notices state that grantees will report these data only if the indicator is appropriate to the program.

**Comment** – One comment stated that Community Housing Development Organization (CHDO) operating costs should not be included in the system.

**Response** – Up to 5 percent of a participating jurisdiction's HOME allocation may be used to pay eligible CHDO operating costs. However, the use of HOME funds for this purpose, or for administrative costs generally, does not directly result in a measurable output in terms of affordable housing units produced or households assisted. In fact, the use of HOME funds to cover CHDO operating costs actually reduces that amount of funds that would otherwise be available for projects. Consequently, while CHDO operating support funds are necessary in many instances, HUD agrees with the commenter that it would not be appropriate to include the use of CHDO operating costs as an indicator in a system focused on measuring performance.

**Comment** – One comment indicated that the list of indicators should not be increased without careful evaluation and input from the working group.

**Response** – The working group has continued to provide evaluation and input on the development and implementation of the outcome performance measurement system.

**Comment** – Many comments suggested possible changes to the indicators or additional indicators to be included to the proposed outcome performance measurement system.

**Response** – HUD carefully considered each suggestion. Some of the suggestions were incorporated into the framework, while others reflected changes that were already planned for inclusion in the re-engineering of IDIS. HUD believes that the indicators included in the

outcome performance measurement system published herein reflect most of the activities undertaken by grantees. However, if it becomes apparent that additional data elements are necessary, other indicators can be added to the system at a later date.

**Comment** – Several comments questioned the difference between International Building Code Energy (IBCE) Standards, and the International Energy Conservation Code (IECC), and the inclusion of Energy Star Standards as a subset of a larger code.

**Response** – Most states and local governments have adopted one or more International Code Council (ICC) building codes. The ICC codes have replaced other prior model codes, resulting in many different building codes. HUD has determined that identifying only IBCE or IECC and not identifying other possible codes would create incomplete data, as well as confusion over which codes to use. Therefore, the data elements for building energy codes have been deleted. In 2002, HUD entered into a memorandum of understanding with the Environmental Protection Agency (EPA) and the Department of Energy (DOE) to promote the use of Energy Star in HUD's affordable housing programs. Therefore, Energy Star will remain as a data element for energy conservation activities for the housing indicator categories in the performance measurement system.

**Comment** – There were comments about the use of the NAICS industry classification codes and whether the codes would be available in a drop-down format in IDIS.

**Response** – HUD has concluded that the large number of NAICS classification codes will create a reporting burden for grantees and businesses and therefore has deleted that data element.

### **III. Environmental Impact**

This notice does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern or regulate, real property acquisition, disposition, leasing, rehabilitation,

alteration, demolition, or new construction, or establish, revise or provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under 24 CFR 50.19(c)(1), this notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Dated: March 1, 2006.

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Community Planning and Development

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